

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2003**

	August-03				July-03				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Month	Net ROR	Market Value	Allocation	Month	Net ROR	FYTD	FY03	Ended	Ended
		Actual	Policy			Actual	Policy		Net	Net	6/30/2003	6/30/2003
											Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>												
<i>Structured Growth</i>												
Los Angeles Capital	125,591	2.4%	2.3%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
AllianceBernstein	0	0.0%	0.0%	N/A	121,782	2.3%	2.3%	3.53%	N/A	-1.88%	-21.24%	-6.07%
<b>Total Structured Growth</b>	<b>125,592</b>	<b>2.4%</b>	<b>2.3%</b>	<b>3.11%</b>	<b>121,782</b>	<b>2.3%</b>	<b>2.3%</b>	<b>3.53%</b>	<b>6.74%</b>	<b>-1.88%</b>	<b>-21.24%</b>	<b>-6.07%</b>
<i>Russell 1000 Growth</i>				2.49%				2.49%	5.04%	2.94%	-21.54%	-5.03%
<i>Structured Value</i>												
<b>LSV</b>	<b>118,877</b>	<b>2.3%</b>	<b>2.3%</b>	<b>3.26%</b>	<b>115,200</b>	<b>2.2%</b>	<b>2.3%</b>	<b>1.53%</b>	<b>4.85%</b>	<b>-2.25%</b>	<b>8.84%</b>	<b>3.73%</b>
<i>Russell 1000 Value</i>				1.56%				1.49%	3.07%	-1.02%	-0.19%	1.05%
<i>S&amp;P 500 Index</i>												
<b>State Street</b>	<b>565,601</b>	<b>11.0%</b>	<b>10.5%</b>	<b>1.95%</b>	<b>554,793</b>	<b>10.7%</b>	<b>10.5%</b>	<b>1.77%</b>	<b>3.75%</b>	<b>0.23%</b>	<b>-11.28%</b>	<b>-1.69%</b>
<i>S&amp;P 500</i>				1.95%				1.76%	3.74%	0.25%	-11.20%	-1.62%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>810,069</b>	<b>15.7%</b>	<b>15.0%</b>	<b>2.32%</b>	<b>913,557</b>	<b>17.6%</b>	<b>15.0%</b>	<b>2.00%</b>	<b>4.36%</b>	<b>-0.48%</b>	<b>-9.33%</b>	<b>-1.90%</b>
<i>S&amp;P 500</i>				1.95%				1.76%	3.74%	0.25%	-11.20%	-1.62%
<b>SMALL CAP DOMESTIC EQUITY</b>												
<i>Manager-of-Managers</i>												
<b>SEI</b>	<b>290,662</b>	<b>5.6%</b>	<b>5.0%</b>	<b>4.83%</b>	<b>277,199</b>	<b>5.3%</b>	<b>5.0%</b>	<b>6.11%</b>	<b>11.24%</b>	<b>0.09%</b>	<b>N/A</b>	<b>N/A</b>
<i>Russell 2000 + 200bp</i>				4.75%				6.43%	11.48%	0.36%	N/A	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>290,662</b>	<b>5.6%</b>	<b>5.0%</b>	<b>4.83%</b>	<b>277,199</b>	<b>5.3%</b>	<b>5.0%</b>	<b>6.11%</b>	<b>11.24%</b>	<b>0.09%</b>	<b>-3.49%</b>	<b>1.64%</b>
<i>Russell 2000</i>				4.58%				6.26%	11.13%	-1.63%	-3.30%	0.97%
<b>CONVERTIBLES</b>												
<b>TCW</b>	<b>522,787</b>	<b>10.1%</b>	<b>10.0%</b>	<b>0.67%</b>	<b>517,977</b>	<b>10.0%</b>	<b>10.0%</b>	<b>1.23%</b>	<b>1.90%</b>	<b>10.23%</b>	<b>-9.51%</b>	<b>3.90%</b>
<i>First Boston Convertible Index</i>				1.64%				0.45%	2.10%	15.46%	-3.77%	5.29%
<b>INTERNATIONAL EQUITY</b>												
<i>Large Cap - Active</i>												
<b>Capital Guardian</b>	<b>457,640</b>	<b>8.9%</b>	<b>8.0%</b>	<b>3.43%</b>	<b>442,187</b>	<b>8.5%</b>	<b>8.0%</b>	<b>4.79%</b>	<b>8.39%</b>	<b>-10.31%</b>	<b>-15.85%</b>	<b>0.02%</b>
<i>MSCI EAFE - 50% Hedged</i>				2.77%				3.28%	6.14%	-11.24%	-15.51%	-5.33%
<i>Small Cap - Value</i>												
<b>Lazard</b>	<b>56,219</b>	<b>1.1%</b>	<b>1.0%</b>	<b>3.10%</b>	<b>54,535</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.00%</b>	<b>4.13%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Citigroup Broad Market Index &lt; \$2BN</i>				6.30%				3.20%	9.70%	N/A	N/A	N/A
<i>Small Cap - Growth</i>												
<b>Vanguard</b>	<b>54,646</b>	<b>1.1%</b>	<b>1.0%</b>	<b>4.08%</b>	<b>52,505</b>	<b>1.0%</b>	<b>1.0%</b>	<b>4.78%</b>	<b>9.06%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>SSB BROAD MARKET INDEX &lt; \$2BN</i>				6.30%				3.20%	9.70%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>568,505</b>	<b>11.0%</b>	<b>10.0%</b>	<b>3.46%</b>	<b>549,227</b>	<b>10.6%</b>	<b>10.0%</b>	<b>4.40%</b>	<b>8.01%</b>	<b>-9.20%</b>	<b>-15.51%</b>	<b>0.27%</b>
<i>MSCI EAFE - 50% Hedged</i>				2.77%				3.28%	6.14%	-11.24%	-15.51%	-5.33%
<b>DOMESTIC FIXED INCOME</b>												
<i>Core Bond</i>												
<b>Western Asset</b>	<b>1,238,985</b>	<b>24.0%</b>	<b>25.0%</b>	<b>1.41%</b>	<b>1,223,337</b>	<b>23.5%</b>	<b>25.0%</b>	<b>-4.77%</b>	<b>-3.42%</b>	<b>12.77%</b>	<b>11.23%</b>	<b>8.12%</b>
<i>Lehman Aggregate</i>				0.66%				-3.36%	-2.72%	10.39%	10.07%	7.54%
<i>Index</i>												
<b>Bank of ND</b>	<b>683,018</b>	<b>13.2%</b>	<b>15.0%</b>	<b>0.60%</b>	<b>678,942</b>	<b>13.1%</b>	<b>15.0%</b>	<b>-4.02%</b>	<b>-3.45%</b>	<b>13.26%</b>	<b>10.87%</b>	<b>7.78%</b>
<i>Lehman Gov/Credit</i>				0.66%				-4.19%	-3.56%	13.14%	10.82%	7.83%
<i>BBB Average Quality</i>												
<b>Strong</b>	<b>535,552</b>	<b>10.4%</b>	<b>10.0%</b>	<b>0.99%</b>	<b>528,487</b>	<b>10.2%</b>	<b>10.0%</b>	<b>-4.61%</b>	<b>-3.67%</b>	<b>17.91%</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman US Credit BAA</i>				0.98%				-4.49%	-3.55%	18.33%	N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>2,457,555</b>	<b>47.6%</b>	<b>50.0%</b>	<b>1.09%</b>	<b>2,430,766</b>	<b>46.7%</b>	<b>50.0%</b>	<b>-4.53%</b>	<b>-3.48%</b>	<b>13.18%</b>	<b>10.80%</b>	<b>7.81%</b>
<i>Lehman Gov/Credit</i>				0.66%				-4.19%	-3.56%	13.14%	10.82%	7.83%
<b>CASH EQUIVALENTS</b>												
<b>Bank of ND</b>	<b>513,719</b>	<b>9.9%</b>	<b>10.0%</b>	<b>0.10%</b>	<b>513,285</b>	<b>9.9%</b>	<b>10.0%</b>	<b>0.09%</b>	<b>0.19%</b>	<b>1.57%</b>	<b>3.26%</b>	<b>4.15%</b>
<i>90 Day T-Bill</i>				0.08%				0.07%	0.15%	1.52%	3.33%	4.08%
<b>TOTAL BONDING FUND</b>	<b>5,163,298</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.62%</b>	<b>5,202,010</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.05%</b>	<b>0.55%</b>	<b>7.52%</b>	<b>1.61%</b>	<b>4.90%</b>
<i>POLICY TARGET BENCHMARK</i>				1.24%				-1.20%	0.03%	7.25%	2.20%	4.57%

NOTE: Monthly returns and market values are preliminary and subject to change.